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UNITED STATES VIRGIN ISLANDS

Working paper prepared by the Secretariat

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UNITED STATES VIRGIN ISLANDS 1/

I. GENERAL

1. The United States Virgin Islands is situated 75 kilometres east of Puerto Rico and comprises about 50 islands and islets, the largest of which are St. Croix (218 square kilometres), St. Thomas (73 square kilometres) and St. John (52 square kilometres). The capital of the Territory, Charlotte Amalie, is located on St. Thomas.

2. According to adjusted census figures for 1980, the population was 96,569 (49,725 persons were located on St. Croix, 44,372 on St. Thomas and 2,472 on St. John). In 1988, the population was 103,200 (51,300 on St. Croix, 49,260 on St. Thomas and 2,640 on St. John). Preliminary figures from the 1990 census put the total population at 96,947 (St. Croix, 50,082; St. Thomas, 43,443; and St. John, 3,422). 2/

3. The climate is subtropical and is moderated by the trade winds. The Territory has an average annual rainfall of 114 centimetres (45 inches) and lies in the hurricane belt.

4. On 17 and 18 September 1989, the Territory was struck by Hurricane Hugo which caused extensive damage to residential and commercial buildings and to the tourist industry. Losses were estimated at over $1 billion (for details, see A/AC.109/1029).

5. In his state of the Territory address delivered on 28 January 1991, the Governor declared that the Territory had crossed the threshold from survival to recovery and that recovery had been steady, significant and remarkably swift, taking into account the magnitude of the devastation caused by the hurricane. He noted that, with the assistance of the Government of the United States of America, 1990 had been a year of unprecedented construction and reconstruction in the Territory. Public and private agencies had submitted 1,973 damage survey reports for review by the Federal Emergency Management Agency (FEMA) which, to date, had obligated over $119 million 3/ for relief operations. The Governor stressed, however, that the task was not complete and that much remained to be done before the state of the economy and the lives of many United States Virgin Islanders returned to normal.

6. In another development, an official of the Territory's Department of Planning and Natural Resources warned that another major earthquake was overdue; the last one had struck Water Island and southern St. Thomas in 1867, causing a 4-kilometre tidal wave. The occurrence of strong earthquake activity was increasing. Between 1980 and 1990, over 1,630 tremors, 90 of which registered above 4.0 on the Richter scale, had been recorded in the Territory. On 16 March 1985, a 6.4 tremor jolted the Territory. From June 1988 to 3 January 1989, 118 tremors were registered, 24 of which were over 4.0 on the Richter scale. The Territory was sitting on a very active fault, similar to those of San Andreas and Loma Prieta in California, and

therefore was subject to potential geological problems, for which training of the public in disaster preparedness and management was required. 4/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

7. The Revised Organic Act of the Virgin Islands, 1954, as amended, 1968-1972, remains the Constitution of the Territory. The Government consists of three distinct branches: executive, legislative and judicial. The Governor, who is the chief executive, and the Lieutenant-Governor are elected jointly for a four-year term.

8. The Governor is responsible for administering all activities of the executive branch, including the appointment and removal of all staff, and executing federal and local laws, including the application in the United States Virgin Islands of those provisions of the United States Constitution that are not inconsistent with the islands' status as an incorporated Territory of the United States. The Governor may recommend bills to the Legislature and veto any legislation, as provided in the Revised Organic Act.

9. The United States Secretary of the Interior has the power to appoint a federal comptroller for the Territory (who may not be a member of any executive department of the territorial Government) whose functions include improving the efficiency and economy of government programmes and auditing and supervising the use of federal funds. Since early 1983, the role of federal comptroller has been assumed by the Inspector-General, United States Department of the Interior.

10. The Legislature, also known as the Senate, is a unicameral body consisting of 15 senators elected by universal adult suffrage for a two-year term: 7 from St. Croix, 7 from St. Thomas and St. John and 1 who must be a resident of St. John but is elected at large by the voters of all the islands. Each bill passed by the Legislature must be signed by the Governor in order to become law. A two-thirds vote of the Legislature is necessary to override a gubernatorial veto.

11. In order to be eligible to register as a voter, a person must be a citizen of the United States, must be 18 years of age or older and must have been a resident of the Territory for 30 days. The Legislature is empowered to prescribe other qualifications provided that no property, language or income qualifications may be imposed and that no discrimination be made on the grounds of race, sex or religious belief. The Absentee Voter's Bill, which was signed into law on 28 July 1972, provides for absentee voting procedures.

12. Since 1973, the Territory has sent a non-voting delegate to the United States Congress, more specifically its House of Representatives. The delegate, whose term is for two years, is elected by majority vote.

B. Judiciary

13. Under the Territory's judicial system, the District Court of the United States Virgin Islands (established by federal law) exercises appellate jurisdiction over the territorial Court (established by local law) in civil and criminal cases. The United States Court of Appeals for the Third Circuit, Philadelphia, and the United States Supreme Court exercise appellate jurisdiction over the District Court.

14. During the period under review, a serious crisis developed in the judicial system of the Territory following the death in early 1990 of the permanent judge of the Federal Court. Failure to replace him resulted in a backlog of unresolved cases, prompting the Territory's delegate to Congress to call upon the United States Department of Justice to expedite the appointment of a federal judge to the Territory, noting that there were a number of talented native-born United States Virgin Islanders, from which the Administration could select judicial nominees.

15. In December 1990, the Chief Judge of the Third United States Circuit Court of Appeals also registered his disappointment over the prolonged vacancy of federal judgeship in the Territory and the lack of priority accorded to this matter by the federal authorities. 5/

16. In January 1991, in their capacity as Legislative Liaison with the House, two senators from St. Croix travelled to Washington to meet with officials of the United States Government. Following that meeting, the representatives noted that four candidates from the Territory, two Democrats and two Republicans, were being considered for the post. They also noted that an appointment would soon be made. 6/

C. Constitutional development

17. Information concerning the attempt by the seven senators of St. Croix to form a separate municipal body to administer the affairs of the island is contained in the previous working paper. The President of the Senate sponsored legislation calling for a referendum on the issue of independent municipal bodies to administer the affairs of the islands. He considered such a move as a first step in a process that would lead to an amendment of the existing constitutional arrangements (see A/AC.109/1029, paras. 14-16).

18. The referendum was held in conjunction with the general elections on 6 November 1990 and resulted in 8,419 votes in favour of the formation of separate municipal bodies to 5,257 against. Prior to the elections, the referendum bill was amended to require that over 50 per cent of all registered voters in the Territory vote in favour of the proposal in order for a request to be made to the United States Congress to amend the 1954 Organic Act accordingly. Votes in favour of the reform represented only 21.8 per cent of the 38,668 registered voters and those against represented 13.6 per cent, which shows that more than 24,000 voters did not participate in the referendum.

19. Voters on St. Croix cast their ballots overwhelmingly in favour of municipal government - 5,028 in favour to 1,866 against - compared with those on St. Thomas-St. John, who voted 3,391 in favour to 4,151 against. After the elections, a spokesman for the Committee for Municipal Government, a private citizens' group, stated that the 50 per cent-plus-one requirement was "totally unfair" and threatened a court challenge if the Senators did not reconsider the amendment. 7/

20. In January 1991, it was reported that District Court Judge Robert F. Peckham, who was visiting from San Francisco, ruled that the referendum of 6 November on municipal government was unsuccessful because the majority of the Territory's voters had failed to vote. Judge Peckham based his ruling on that section of the Revised Organic Act of 1954 under which initiatives put before had been approved under two conditions: (a) a majority of people voting must be in favour of the initiative; and (b) a majority of all registered voters must choose to vote on the initiative. In the referendum of 6 November, only 13,676 (35.4 per cent) of the 38,668 registered voters voted. Following Judge Peckham's ruling, the Committee for Municipal Government indicated its intention to appeal the judge's decision to the Third Circuit Court of Appeal. 8/

21. In a press interview in January 1991, the Territory's delegate to the United States Congress stated that he would consider holding public hearings to determine whether the Territory should adopt a municipal system of Government. It was also reported that, as a Congressional delegate, he could introduce legislation in the United States Congress to amend the Organic Act to allow for municipal government. He noted that the results of the referendum were important and could not be ignored. 9/

D. Political parties and elections

22. There are three political parties in the Territory: the Democratic Party of the Virgin Islands, with over 18,000 registered voters; the Independent Citizens Movement; and the Progressive Republican Party of the Virgin Islands, each with over 2,000 registered voters.

23. General elections are held every two years for the 15 seats in the Senate of the Virgin Islands, for the Territory's delegate to the United States Congress and to the territorial Board of Education. Elections for the office of Governor and Lieutenant-Governor are held every four years. The position of Governor is limited to two consecutive terms. On 6 November 1990, general elections were held in the Territory to fill the office of Governor and Lieutenant-Governor and to choose the delegate to Congress.

24. At the November 1990 elections, Mr. Alexander Farrelly and Mr. Derek Hodge, the incumbents, were returned to power as Governor and Lieutenant-Governor, respectively, defeating former Governor Juan Luis and his running mate, Mr. Bingley Richardson. The incumbents received 13,332, or 56.3 per cent of the total votes cast, while their opponents received 9,078,

or 38.5 per cent. Write-in votes for other candidates totalled 1,167. The voter turnout was 66 per cent, or 25,592 registered voters out of a total of 38,668. The turnout in 1986 was 77 per cent. Following the elections, Governor Farrelly identified environmental concerns, traffic problems, education, health and crime as the high priorities of his administration's second term of office.

25. Mr. Ron De Lugo was re-elected as the Territory's delegate to the United States Congress for a ninth term. That election marked his sixth consecutive term.

26. The elections for the Virgin Islands Senate on 6 November 1990 were contested by 43 candidates, comprising independents and members of the three political parties. Final results indicated that four incumbents, all members of the majority Democratic Party of the Virgin Islands, were defeated. As a result, an 11-member coalition led by the Independent Citizens Movement became the dominant bloc in the leadership of the nineteenth Legislature. It was subsequently reported that Senator Virdin C. Brown, a member of the Independent Citizens Movement, was elected President of the Senate. 10/ The other officers of the current Legislature are as follows: Vice-President and Secretary for Inter-governmental relations and Territorial Affairs, Senator Alicia Hansen; Legislative Secretary, Senator Almando Liburd; Majority-bloc Leader, Senator Adelhert Bryan; and Liaison to the White House, Senator Lilliana Belardo de O'Neal.

E. Future status of the Territory

27. Information on developments concerning the future status of the Territory, including action taken by the General Assembly on 11 December 1989, is contained in the previous working paper (A/AC.109/1029, paras. 21-28). Recent developments are outlined below.

Position of the territorial Government

28. At the Regional Seminar in Observance of the Thirtieth Anniversary of the Declaration on the Granting of Independence to Colonial Countries and Peoples, held in Barbados from 19 to 21 June 1990, the representative of the Government of the United States Virgin Islands stated that the constitutional mechanisms governing the relationship between the United States Virgin Islands and its administering Power did not emanate from international law, but rather from domestic law. He pointed out that their current relationship and any change in status rested with the United States Congress. That had led to the unilateral application of certain laws by the administering Power without consultation with the territorial Government. He expressed the view that, without a referendum on that status, such a position was inconsistent with international law, of which the people of the Territory were not aware.

29. He called upon the United Nations to facilitate political education programmes and to send visiting missions to the Territory to ascertain the level of awareness of legitimate political options available to them.

30. The representative stressed that in order to create conditions for legitimate political education and a referendum based on international law, the Territory should have the power to set reasonable voting requirements for a status referendum as an act of self-determination. He noted that, under current law, citizens of the United States residing in the Territory for 90 days could participate in elections. In this connection, the electoral process could be unduly influenced by the following factors: (a) there were over 1 million tourists a year; (b) there was unrestricted migration from the United States to the Territory; and (c) the territorial population totalled just over 100,000. He reiterated that the number of registered voters in the last elections was 38,668.

31. In November 1990, Mr. De Lugo, the Territory's delegate to the United States Congress, stated that the debate on the future status of the Territory should be postponed as the Territory was not ready for it as yet. In February 1991, however, in a statement before the Subcommittee on Territorial and Insular Affairs of the United States House of Representatives, Senator Brown, President of the Senate of the Virgin Islands, reminded the United States Government that the political status of the Territory, which had been in the process of being examined by the people when Hurricane Hugo struck in November 1989, remained an important issue.

32. The Commission on Status and Federal Relations, which had been established in 1938, recommended the postponement of the referendum on future status of the Territory from November 1989 to 1991, owing to the devastation caused by Hurricane Hugo. The three options proposed for the referendum had been: (a) statehood and incorporated status; (b) compact of federal relations, Commonwealth and status quo; and (c) free association and independence. The Commission also suspended its activities in November 1989.

33. The Commission resumed its meetings on 23 March 1991 and voted to recommend to the Legislature postponement of the referendum until 1993 to allow sufficient time for an effective political education campaign. Also there was some reluctance on the part of some members of the Commission to hold a referendum in 1992, when general elections would be held.

Position of the administering Power

34. In her statement to the General Assembly on 20 November 1990, the representative of the United States drew attention to the progress made by the United Nations in the field of decolonization and noted, inter alia, that most of the remaining Territories for which the United Nations had some responsibility were small island Territories in the Pacific and the Caribbean. While those Territories were small in population and land mass, they remained key responsibilities for both the administering Powers and the United Nations system, which sought to promote their political, economic and social development. She stressed that the United States, as administering Power, remained conscious of its role with regard to those Territories, including the United States Virgin Islands, and would continue to meet its responsibilities under the Charter of the United Nations. 11/

Action taken by the General Assembly

35. On 20 November 1990, the General Assembly adopted resolution 45/31 on the question of the United States Virgin Islands, in which it reaffirmed that it was ultimately for the people of the United States Virgin Islands themselves to determine freely their future political status in accordance with the relevant provisions of the Charter of the United Nations, the Declaration on the Granting of Independence to Colonial Countries and Peoples and the relevant resolutions of the General Assembly and, in that connection, called upon the administering Power, in cooperation with the territorial Government, to facilitate programmes of political education in the Territory in order to foster an awareness among the people of the possibilities open to them in the exercise of their right to self-determination. The General Assembly urged the administering Power to facilitate the participation of the Territory in various international and regional organizations.

F. Public service

36. The public service continued to be the largest employer in the Territory, employing nearly 34 per cent of the labour force. In September 1990, there were 14,180 government employees (790 federal and 13,390 territorial).

37. Provision was made in the 1991 budget estimates for $24.6 million to cover salary increases for government workers. In November 1990, however, the Director of the Office of Management and the Budget informed the Territory's Legislature that he was unable at that time to say how many employees would be affected by the increase as the territorial Government was still negotiating with several unions and since an executive order of the Governor increasing salaries of certain top level employees had not been implemented. 12/

38. In his state of the Territory address in January 1991 the Governor recalled that when his administration had taken office in 1987, the issue of retroactive wages had been a major source of ill will and confrontation between the Government and labour unions. He also recalled his promise to pay the accumulated $33 million covering wage-and-contract claims, etc. (see A/AC.109/986, paras. 35-36). The Governor announced that negotiations with the Amerada Hess Corporation had ended successfully and had resulted in the company's settlement of $10 million in back payment. This payment, together with the Territory's economic expansion, had enabled the Government to pay all outstanding balances.

39. In December 1990, the Government Employees Retirement System, which holds funds of over $400 million and which provides retirement pension and other benefits to the public service, was advised by its auditor and investment analyst to computerize its records or risk losing track of the retirement benefits of over 10,000 employees. It was further advised that with Government salaries going up, it was necessary to monitor incoming funds and payments. It was reported that the Government Employees Retirement System had earned an average rate of return of 12.4 per cent on its investment over the past nine years. 13/

G. External relations

40. The United States Virgin Islands is an associate member of the Economic Commission for Latin America and the Caribbean (ECLAC) and its subsidiary bodies, including the Caribbean Development and Cooperation Committee (CDCC). The Territory has not participated in recent years in the Caribbean Group for Cooperation in Economic Development (CGCED) sponsored by the World Bank.

41. The Territory continues to cooperate with other Caribbean and Pacific countries and to participate in conferences and programmes organized by Governments, international organizations and multilateral agencies.

42. In his state of the Territory address in January 1991, the Governor said that the Territory would continue to forge strong alliances with its neighbours in the eastern Caribbean. He noted that in 1990, his Government had entered into consultations with the United States Government to obtain the delegation of authority to seek associate membership in the Organization of Eastern Caribbean States (OECS). He observed that as the consolidation of economic blocs throughout the world was becoming a reality, it was important that the Territory increase its links in the region in order to coexist in an ever-changing world economy (see also para. 34).

43. On 31 January 1991, the 102nd Congress of the United States unanimously re-elected the Territory's delegate to Congress, Mr. Ron de Lugo, as Chairman of the Subcommittee on Insular and International Affairs. The Subcommittee oversees the affairs of all United States dependencies, including American Samoa, Guam, the Northern Mariana Islands, Puerto Rico and the United States Virgin Islands. 14/

H. Other developments

44. As previously reported, the territorial Government had been engaged in negotiations with the Government of the United States over the return of Water Island, the fourth largest island in the Territory, which had been leased to a company of developers in 1952. The lease is due to expire in December 1992. A number of proposals made by the United States Department of the Interior, which currently has responsibility for Water Island, included the exchange of lands on Water Island for lands owned by the territorial Government within the boundaries of the Virgin Islands National Park on St. John (see A/AC.109/955, paras. 53-55).

45. It was reported in June 1990 that the United States Government had offered to forgo its above-mentioned proposal regarding the exchange of Water Island. Instead, the United States was seeking assurances that offshore cays and other lands in the Territory, particularly those on the island of St. John, would be preserved by the territorial Government. Later in the same month, Governor Farrelly stated at a news conference that the proposal did not seem unreasonable. In February 1991, in statements before the Environmental Protection and Planning Committee of the Senate of the Virgin Islands, the

President of the Senate and Senator Malcolm Callender told the Territory's Commissioner for Planning and Natural Resources that Water Island must be included in the Territory's land and water use plan, which was currently under preparation. 15/

III. MILITARY INSTALLATIONS

46. The United States Navy currently maintains a radar and sonar calibration station and a headquarters building for its underwater tracking facility. There are permanent centres for the armed forces and a detachment of the United States Coast Guard on St. Thomas. Improvements were made to the facilities of the Virgin Islands National Guard, which is affiliated with the United States Army. The Territory remained a port of call for United States naval vessels and those of its allies. (For recent developments, see the working paper on military activities and arrangements in the United States Virgin Islands (A/AC.109/1066).)

IV. ECONOMIC CONDITIONS

A. General

47. The economy of the Territory is based on tourism and related services, construction and industrial development. The Territory is a centre for international business and, since 1985, has been the location of over 80 per cent of the United States foreign-sales corporations. The development of agriculture has remained a priority of the Government's overall policy of diversification. In September 1990, it was reported by the territorial Government that prices of all its selected food items averaged approximately 32.7 per cent higher than prices in Washington for similar items. 16/ The per capita personal income in the Territory in 1987 (the latest year for which figures are available) was $8,717, or 56.8 per cent of that of the United States.

48. In his state of the Territory address in January 1991, the Governor, while noting the Territory's significant recovery from the effects of Hurricane Hugo, stressed nevertheless that it was time for caution and prudence. He pointed out that the pace of overall recovery was threatened by the effects of the Gulf War combined with the recession in the United States. In particular, he noted the negative impact on tourism (the main economic activity), the fear of international terrorism and the uncertainty caused by the economic downturn in the United States. Specific aspects of the state of the Territory address are outlined under the appropriate sections below.

B. Public finance

49. The Territory's proposed operating budget for 1991, which was presented by the Governor in October 1990, estimated recurrent expenditure at

$404.8 million and recurrent revenue at $377.0 million. The deficit of $27.8 million would be met from a loan of the same amount from FEMA. In December 1990, the Virgin Islands Senate approved the budget for the Territory, increasing expenditure to $422.0 million and projecting recurrent revenue at $420.7 million. In explaining the proposed increase in revenue, the Post Auditor of the Senate stated that the Office of Management and the Budget had been too conservative in its projections. He estimated that the main sources of additional revenue would include $15 million from income tax collections and $5 million from gross receipt taxes over the estimates of the Office of Management and the Budget. He added that the income and gross receipt taxes to be gained from the construction of the Hess Oil catalytic cracking plant, estimated to total $550 million, would more than offset any foreseeable decline in tourism revenue (see also para. 60 below).

50. In his statement to the Subcommittee on Insular and International Affairs of the United States House of Representatives in February 1991, the Governor renewed his request for an appropriation of $35 million for fiscal year 1992 for construction grants assistance from the United States Department of the Interior. He added that for fiscal year 1991 he had requested $60 million in direct assistance to complete emergency improvements to essential governmental facilities. The Governor stated that the assistance provided by the United States Government to the Territory during the year following the hurricane totalled $610 million in grant and loan assistance.

C. Agriculture, livestock and fisheries

51. Agricultural production had been damaged by Hurricane Hugo. In his state of the Territory address in January 1991, the Governor stated that the Territory would continue to rebuild the agricultural infrastructure and would provide suitable land for the production of food and cattle. He stressed that the territorial Government would work closely with the farmers and fishermen to build a strong and viable infrastructure. He said that the construction of a new abattoir on St. Croix and a new agricultural station on St. John were indications that the Territory was moving in the right direction. He pointed out that in the year ahead, the Government intended to invest in new equipment, build new nurseries and dams throughout the Territory and subdivide and distribute land for farming.

52. In March 1991, Mr. Eric Dawson, Commissioner for Economic Development and Agriculture, stated before the Economic Development Committee of the Virgin Islands Senate that agriculture played an important role in strengthening the economy of the Territory and that another Government had proposed several initiatives to promote farming in the Territory. He pointed out that his department would also make more land available for farming to attract new farmers.

D. Industrial development

53. The Territory's industrial sector consists of the Amerada Hess oil refinery, the largest in the western hemisphere, and a growing number of small enterprises that produce rum, electronic components, watches and pharmaceutical products. The Clarendon Company, a Switzerland-based corporation trading in aluminium, purchased the former Martin Marietta aluminium plant on St. Croix. The plant's operations have been resumed under its subsidiary, the Virgin Islands Alumina Company.

54. According to the Governor, the Territory's industrial programme in 1990 had been satisfactory and had reflected good economic growth. The development goals set by the Government, however, which had been based on the policy of expanding the economy with a view to balancing and sustaining the decline in one economic area with the increases in another, did not fare satisfactorily. The Governor emphasized the Government's commitment to attracting light and non-polluting industries.

55. The Governor also noted that the Industrial Development Commission had approved new enterprises, which would employ 675 workers with a potential total annual wage of $11 million. Investment commitments were estimated at $110 million. In addition, the industry had provided approximately $250,000 in annual scholarships and a further $300,000 in public service contributions.

56. The Governor announced on 22 August 1990 that under the terms of an agreement signed between the territorial Government and the Hess Oil Corporation, the Government would receive $10 million to pay for its obligations to Union employees and a further $10 million to finance the construction of the Hess Oil Vocational School. Under another provision of the agreement, the Hess Oil Corporation would start the construction of a $550 million fluid catalytic-cracking complex on St. Croix, which would provide a significant inflow of capital and generate employment, thereby stimulating the Territory's recovery from Hurricane Hugo. 17/ It was subsequently reported that the first phase of construction of the complex had begun on 6 December 1990.

E. International business

57. The Lieutenant-Governor continued to be the local authority for the regulation and supervision of domestic and international banks and insurance and other companies. United States federal authorities also supervise United States banks and companies operating in the Territory. In 1987, the latest year for which data are available, 10,287 business licences were granted and total bank deposits amounted to approximately $1.1 billion. Following a crisis that had developed in the Territory in connection with the withdrawal of foreign-owned insurance companies, stronger regulatory controls were introduced and domestic companies were encouraged to transform the industry (see A/AC.109/1029, para. 56).

58. According to information provided by the Government of the United States, special tax incentives on world-wide exports have attracted over 2,500 foreign sales corporation to the Territory, which in turn have encouraged a related growth in financial service industries. The territorial Government reported in May 1990 that over 80 per cent of all existing foreign sales corporations, or approximately 3,000, were located in the Territory and employed 66 persons. Government revenue from the fees of those corporations in 1989 was over $4.0 million ($3.7 million in 1988). It was reported in the proposed operating budget for 1991 that 896 insurance licences and 8 banking licences were issued in 1989, and that 23,000 combined corporate annual reports were filed. The objectives for the 1991 fiscal year included the upgrading of the corporate, bank and insurance administrative divisions by computerization, with a view to increasing efficiency and productivity.

59. A crisis which had developed in the Territory following the refusal of a major insurance company to issue automobile insurance policies and the withdrawal of several other foreign insurance companies, worsened in the aftermath of Hurricane Hugo. Press reports indicate that over $1.2 billion was paid out in post-hurricane claims. To date, three insurance companies have left the Territory, two have decided to stop issuing home-owner policies in the Territory and two more have been declared insolvent, leaving a total of over $55 million in unpaid claims. In February 1991, the territorial Government had under consideration plans to issue $25 million in bonds to assist the 1,200 residents who were without coverage following the collapse of the two insurance companies. In August 1990, the Legislature had empowered the Government to issue up to $50 million in bonds to supplement the $17 million in the Insurance Guaranty Fund to aid uninsured home-owners.

F. Tourism and related services

60. Tourism and related services remained the Territory's main economic activity, accounting for approximately 65 per cent of the Territory's gross domestic product. In 1990, there were over 1.8 million visitors, an increase of 4.8 per cent over the 1.76 million visitors in 1989. The number of cruise ship passengers totalled 1.1 million in 1990 and 1.06 million in 1989, an increase of 5.4 per cent. Total tourist expenditure was estimated at $706.5 million in 1990 and $682.1 million in 1989, an increase of 3.2 per cent. Total tourism-related employment declined by 7.5 per cent, from 9,510 in 1989 to 8,800 in 1990. Employment in hotels and lodging declined by 22.1 per cent. The number of hotels decreased from 65 in 1989 to 61 in 1990, while occupancy rates increased from 61.8 per cent in 1989 to 62.9 per cent in 1990.

61. In his state of the Territory address, in January 1991, the Governor outlined the policy regarding tourism. Emphasis would be placed on the development of new methods to promote the industry. The Governor proposed to appoint a Task Force to conduct a dialogue with interested parties in the Territory and to make recommendations on the industry. The Lieutenant-Governor will head a committee to meet outside the Territory with

representatives of the airlines, cruise lines, wholesalers and travel agents, with a view to examining the tourist industry and developing a plan of action for the next decade.

G. Communications and basic facilities

62. As reported in the previous working paper prepared by the Secretariat, the territorial Government, according to the Governor, is determined to restore public projects and infrastructure which the hurricane had damaged at an estimated cost of over $1 billion, to a level that would lessen economic and social damage from future natural disasters, address the needs of a growing economy and improve the quality of life of all residents. While noting that the combined external assistance, mainly from United States authorities, had amounted to $610 million, the Governor called for further funding from the United States Government to assist in the rebuilding and development of the Territory's infrastructure.

63. In his state of the Territory address, the Governor also took the opportunity to present to the Legislature a status report on developments in the Territory's public works regarding road improvement, waste recovery and public transportation. He said that the Water and Power authority, was undertaking an aggressive capital improvement programme to ensure its ability to accommodate the growing water and power needs of the Territory. A second submerged power cable to service St. John and a new power generator unit for the St. Thomas-St. John District would be in operation in August 1991. Construction on a new substation and two power-generating units for St. Croix would also begin during the year. Potable water production would be increased through the Territory, with the construction of three new water producing units expected to be completed by 1992.

64. In its report on the Territory, the administering Power stated that major airlines serving the Territory included American Airlines, Continental, Pan American and Midway. The harbour of Charlotte Amalie, with its main docking facilities, was considered one of the finest in the Caribbean. St. Croix had a new container port on its south coast and limited port facilities at Christiansted and Fredericksted.

65. The administering Power also reported that the Virgin Islands Telephone Corporation was responsible for telecommunications. According to the report, the system utilizes total digital switching and has over 60,000 telephone customers. The Territory has cable television, four commercial television and nine radio stations. It has two local newspapers and the United States Postal Service provides mail services.

H. Trade

66. In March 1991, the Commissioner for Economic Development and Agriculture warned the Territory's Senate Economic Development Committee that trade

legislation proposed by the United States Government could undermine the development of the Territory. He noted that the tax incentives of the Territory had already lost their appeal to investors because of the drastic reduction in tariffs on merchandise from foreign countries entering the United States. In that connection, he noted that the Territory's $30 million rum industry had been adversely affected as a result of the Caribbean Basin Initiative, under which participating countries easily exported rum to the United States. He stated that the Territory would have to devise strategies to meet and overcome those problems. 16/

V. SOCIAL CONDITIONS

A. Public safety and crime prevention

67. Press reports indicate that crime in the Territory, particularly crime involving violence or those with a potential for violence, declined by 17.7 per cent in 1990. In view of the Territory's growing reputation as a transit zone for United States-bound cocaine shipments, rampant illegal drug use and inadequate police protection, however, the crime rate per capita in 1988 was more than 300 per cent higher than that of the United States. In September 1990, a coalition of 26 citizen groups identified drug abuse, crime and poor enforcement of narcotics laws as among the major problems facing the Territory. 18/

68. In his state of the Territory address in January 1991, the Governor stressed the determination of his administration to make 1991 the turning point in the war against crime and the drug problem. In that connection, he announced the following actions to be taken by his Government: to repair and construct new police stations across the Territory; to purchase over 100 new police cars; to upgrade police equipment and to improve training; to press forward with special federal and local task forces, which have proven effective in derailing drug trafficking; to expand crime prevention programmes; to increase substantially police pay in order to recruit and retain experienced and qualified officers and sponsor legislation to provide law enforcement officials with the necessary authority to perform their functions; to employ more attorneys to investigate and prosecute cases, to expand and improve correctional facilities; and to add new correctional offices. The Governor pledged to request expanded federal assistance in monitoring and protecting the Territory's coastlines to prevent it from being a transshipment point for drug trafficking to the United States. He pointed out, however, that fighting crime and drugs was a community effort and called on parents, neighbours, residents and friends to do their part.

B. Labour

69. In August 1990, the labour force was 46,120 and the number of employed persons was 44,870; St. Croix's unemployment rate of 3.7 per cent continued to be higher than that of the St. Thomas-St. John's district, which was 1.9 per cent.

70. According to the territorial Government, based on a monthly survey of business establishments, non-agricultural wage and salary employment rose in August 1990 to 41,720, an increase of 140 jobs. Gains in the territorial Government which accounted for nearly 35 per cent of the work force, outnumbered losses in the private sector. The growth of 480 in public employment was a result of temporary summer placements. Over the month, employment in the private sector decreased by 340. All industry divisions reported lower levels of employment.

C. Public health

71. Information provided by the administering Power indicates that the Virgin Islands Department of Health operates the hospitals and clinics in the Territory and that most of the doctors had been trained and had practised medicine in the United States before moving to the Territory.

72. Reiterating the commitment of his Administration to the provision of substantially improved health care, the Governor stated that the Territory was making strides in addressing the health and medical needs of all United States Virgin Islanders. He outlined the various programmes to renovate and rebuild those health facilities damaged by the hurricane and estimated that the cost of those repairs would be $60 million, of which the United States authorities had either provided or approved a total of $41 million. The Territory was seeking additional resources. The Governor indicated that an interim modular hospital had been opened on St. Croix and that the main hospital on that island would reopen during 1992. The Sion Hill Drug Treatment Center, which was due to open shortly, would provide treatment to women. The other drug centre, which was currently a residential drug treatment facility, would be used in future as a halfway house.

IV. EDUCATIONAL CONDITIONS

73. Education in the Territory is compulsory for children up to the age of 16 years. The United States Government provides subsidies to the public education system which dispenses education to approximately 15,000 children of school age. There are 24 parochial and private schools in the Territory. In addition, pre-school, adult education and vocational programmes are in operation in the Territory.

74. Post-secondary education is provided by the University of the Virgin Islands, which has its main campus on St. Thomas and a branch on St. Croix. Approximately 2,500 full- and part-time students are enrolled in the University, which offers first degrees in 20 fields and a Masters (second degree) programme in education, business and public administration.

75. The Governor reiterated that the future of the Territory was based on its success in building the educational opportunities it provided to its children. He also mentioned several significant and positive steps that had

been taken in recent years to improve education in the Territory. These included the settlement of job actions and the recruitment of well-trained professionals; the updating of the school curriculum in the critical areas of science, mathematics, language, arts and health; the decentralization of management and authority; the institution of master teacher programmes in which experienced and highly skilled professionals assist other teachers in improving their instructional skills; and the promotion of culture in the curriculum of every discipline.

76. According to the Governor, the University of the Virgin Islands remained the vehicle by which the territorial Government intended to promote the ideal of economic development throughout the Caribbean. He pledged his Government's support in the implementation of the University's capital improvement programme. The Board of Trustees had under consideration plans for a new dormitory for 100 students to be built on St. Croix, estimated to cost $7 million. It was reported that the hurricane had caused nearly $25 million in damages to the University. 8/

77. In 1989, the latest year for which data are available, there were 29,881 students enrolled in the primary and secondary grades (29,729 in 1988). A total of 1,537 students graduated from high school in 1989 (1,409 in 1988). Figures were not available for the University of the Virgin Islands for 1989. There were 258 graduates in 1988.

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General on 8 April 1991 by the Government of the United States of America under Article 73 e of the Charter of the United Nations.

2/ The Daily News (United States Virgin Islands), 27 November 1990.

3/ The local currency is the United States dollar ($US).

4/ The Daily News (United States Virgin Islands), 23 July 1990.

5/ Ibid., 6 December 1990.

6/ Ibid., 31 January 1991.

7/ Ibid., 7 November 1990.

8/ Ibid., 5 January 1991.

9/ Ibid., 3 January 1991.

10/ Ibid., 11 December 1990.

Notes (continued)

11/ A/45/PV.44.

12/ The Daily News (United States Virgin Islands), 14 December 1990.

13/ Ibid., 2 February 1991.

14/ Ibid., 9 and 15 June 1990 and 7 February 1991.

15/ Ibid., 6 September 1990.

16/ Ibid., 12 March 1991.

17/ United States Virgin Islands, Government Public Relations Office. Official News Release No. 956.

18/ The Daily News (United States Virgin Islands), 19 and 25 September 1990 and 20 November 1990.

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SPECIAL COMMITTEE ON THE SITUATION WITH
REGARD TO THE IMPLEMENTATION OF THE
DECLARATION ON THE GRANTING OF
INDEPENDENCE TO COLONIAL COUNTRIES
AND PEOPLES

MILITARY ACTIVITIES AND ARRANGEMENTS BY COLONIAL POWERS IN TERRITORIES UNDER THEIR ADMINISTRATION WHICH MIGHT BE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

BERMUDA

Working paper prepared by the Secretariat

1. Basic information on military activities and arrangements in Bermuda is contained in the previous working paper prepared by the Secretariat (A/AC.109/1027). Supplementary information is set out below.

2. Since 31 March 1976, a Senior Resident Naval Officer has represented the Royal Navy of the United Kingdom of Great Britain and Northern Ireland in Bermuda and has been in charge of a naval dockyard facility, the HMS Malabar. The officer is responsible for the administration of the military installation on Ireland Island on behalf of the Commander-in-Chief, Fleet, at Northwood, Middlessex, England, and for the coordination of plans of the North Atlantic Treaty Organization (NATO) for the defence and support of the Territory.

3. The Government of Canada maintains a military base at Daniel's Head, Somerset, at the western end of Bermuda.

4. The United States of America maintains military installations in Bermuda under the United States Base Agreement of 1941, which is to expire in 2040. The two existing facilities, namely, the Naval Air Station at St. George's and the King's Point Naval Station, are operated by the United States Navy.

Together they comprise about one tenth of Bermuda's total area. Some of the functions of the commanding officer of the Naval Air Station are: (a) Task Group Commander of anti-submarine warfare in the area surrounding Bermuda; (b) Director of Naval Shipping; and (c) United States coordinating authority in Bermuda. Approximately 1,500 enlisted personnel, including some 100 marines, are reportedly under his command.

5. The National Aeronautics and Space Administration (NASA) of the United States maintains a tracking station on Cooper's Island as part of its world-wide space flight tracking and data network.

6. According to the Commander of the United States forces in Bermuda, American military strength in the Territory could be reduced by more than 10 per cent. Some 200 United States military personnel are expected to be transferred permanently out of the United States Naval Air Station in Bermuda. The reduction of American military personnel in the Territory could have a negative effect on the local economy. The 2,665 United States navy personnel and dependants generate more than $US 80 million worth of spending annually. The Commander said that the transfers of military personnel were due to a reduction in the number of P-3 Orion surveillance aircraft stationed on Bermuda. It should be recalled that a squadron of nine P-3 Orion anti-submarine bombers, which are capable of carrying nuclear-tipped missiles and depth charges, had been stationed on Bermuda in the past. The Commander reaffirmed that maintenance and operation of the Territory's airfield would continue as guaranteed under the terms of the 99-year Leased Bases Agreement that was signed by the Governments of the United States and the United Kingdom in 1940. 1/

7. On 1 March 1991, the Premier of Bermuda made a statement on the occasion of the fiftieth anniversary of the installation of the United States bases in Bermuda. 2/ He told the House of Assembly that both the British and United States forces had made a "significant contribution to this island".

8. The Opposition Leader agreed that the United States bases had contributed to the economy of the Territory, but added, "I hope my generation will take the episode to the next step" and renegotiate the agreement that allows the United States "to occupy one tenth of the island". 2/

9. On 12 April 1991, the United States Secretary of Defense announced plans to close 31 major military installations. The announcement applied only to bases in the United States and would not include the United States Naval Air Station and Annex in Bermuda. News agencies reported that since January 1990 the United States Secretary of Defense had been working on plans to close, or reduce operations in, 198 overseas bases, including those in Bermuda. In 1990, employment in the base was reduced by 10 per cent and the number of submarine-hunting P-3 Orion planes based in Bermuda was reduced from seven to two. The base commanding officer reportedly said that Bermuda's role had been enhanced during the crisis brought about by the situation between Iraq and Kuwait when the base was used as a staging post for troops and warships sent

to Saudi Arabia. The Premier of Bermuda had also emphasized the importance of the bases to Bermuda during recent discussions held with the President and the Secretary of State of the United States. 3/

10. The commanding officer of the United States Naval Air Station stated on 8 May 1991 that discussions were taking place between defence officials of the United States and the United Kingdom regarding the closing of the United States Naval Annex at Southampton and the establishment of a joint NATO base at the Royal Navy base at HMS Malabar. The NATO base would be used to service and supply NATO vessels that call at Bermuda for repairs, medical attention, refuelling and relaxation. If the proposal is approved at negotiations scheduled for the middle of 1991, it could result in the Naval Annex being handed back to Bermuda. 4/ The Premier of Bermuda stated that the Government of Bermuda, which is not involved in the process, should be kept informed of the terms under which the Annex (97 hectares of land) would be returned to Bermuda. 5/

11. According to the commanding officer, the above negotiations resulted from the withdrawal of 170 United States personnel from the United States Navy's listening post at Tudor Hill, Southampton, and from the budget reductions in the United States, British and Canadian naval forces.

12. The commanding officer of the United States Naval Air Station announced that work on a major project that would add an emergency runway to the Station, a new hangar for patrol aircraft and a cargo terminal would begin in July 1991 and be completed by 1993. The project would cost $B 59 million. 6/ The commander also disclosed that the United States Navy would spend $B 30 million in the operation of its facilities in Bermuda in 1991, with approximately $B 25 million being spent on the airfield and $B 5 million on the maintenance of the Naval Annex at Southampton. 7/

Notes

1/ The Royal Gazette (Hamilton), 30 January 1990.

2/ Ibid., 2 March 1991.

3/ Ibid., 13 April 1991.

4/ Ibid., 9 May 1991.

5/ Ibid., 10 May 1991.

6/ One Bermuda dollar ($B 1.00) is equivalent to one United States dollar ($US 1.00).

7/ The Royal Gazette (Hamilton), 15 May 1991.